



# California Legislature

## Joint Legislative Audit Committee

STAFF  
WALTER J. QUINN  
CHIEF CONSULTANT  
ROBERT W. LUCAS  
PRINCIPAL CONSULTANT  
CHARLES T. SCHULTZ  
SENIOR CONSULTANT  
GWEN YOUNKER  
COMMITTEE SECRETARY

925 L STREET, SUITE 750  
SACRAMENTO, CALIFORNIA 95814  
(916) 445-0371

WALTER M. INGALLS  
CHAIRMAN

SENATE MEMBERS  
ALFRED E. ALQUIST  
RUBEN S. AYALA  
ROBERT G. BEVERLY  
PAUL CARPENTER  
JOHN DOOLITTLE  
KEN MADDY  
ROBERT PRESLEY  
ASSEMBLY MEMBERS  
LEROY F. GREENE  
CHARLES IMBRECHT  
ERNEST KONNYU  
RICHARD ROBINSON  
MARILYN RYAN  
JOHN VASCONCELLOS

September 9, 1981

014.3

The Honorable President pro Tempore of the Senate  
The Honorable Speaker of the Assembly  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's report concerning unused, available funds at local aging service providers at June 30, 1981. This report indicates that the available cash balances and unused contract amounts at the local aging service providers totaled \$848,738 and \$1,158,521 respectively.

Respectfully submitted,

WALTER M. INGALLS  
Chairman, Joint Legislative  
Audit Committee



Telephone:  
(916) 445-0255

Thomas W. Hayes  
Auditor General

STATE OF CALIFORNIA  
**Office of the Auditor General**  
660 J STREET, SUITE 300  
SACRAMENTO, CALIFORNIA 95814

September 3, 1981

Letter Report 014.3

Honorable Walter M. Ingalls  
Chairman, and Members of the  
Joint Legislative Audit Committee  
925 L Street, Suite 750  
Sacramento, California 95814

Dear Mr. Chairman and Members:

In response to your request, we have surveyed local agencies that provide the elderly with nutrition and social services in order to determine the amount of funds that are unused and available at the local level. These funds were provided to local agencies through contract awards. This survey was conducted under the authority vested in the Auditor General under Sections 10527 and 10528 of the Government Code.

SURVEY RESULTS

Our survey disclosed that contract awards to service providers for the 1980-81 fiscal year totaled \$47,961,572. We also found that, as of June 30, 1981, the providers' available cash on hand totaled at least \$848,738 and that their unused contract amounts totaled at least \$1,158,521.

Background

State statutes have designated the California Department of Aging as the single state agency for administering funds which are allocated to the State under the federal Older Americans Act of 1965 as amended. Title IIIB of that act provides for the development, delivery, and coordination of a system of supportive services to the elderly, while Title IIIC of the act provides senior citizens with nutritionally sound, inexpensive meals and nutrition-related services.

Honorable Walter M. Ingalls  
Chairman, and Members of the  
Joint Legislative Audit Committee  
September 3, 1981  
Page 2

These programs for the elderly are administered and delivered through a statewide network. For administrative purposes, the State is divided into 33 Planning and Service Areas. Each of these areas is served by an Area Agency on Aging (AAA), which may be a county agency or a nonprofit organization. The California Department of Aging negotiates contracts with these 33 local Area Agencies on Aging to provide appropriate services to the elderly. Based on lists provided by the Assembly Committee on Aging, the AAAs administer 114 nutrition and 352 social service projects. Generally, the AAAs do not directly deliver services; rather, they are authorized to award contracts to the local agencies which provide these services. The map and chart in Appendix A show the distribution of the 33 AAAs in California.

### Scope

We conducted this survey to determine the amount of funds that are unused and available at the service provider level. We did not attempt to identify funds that might be available at the AAAs or at the California Department of Aging.

In this report, we use the terms "cash balances" and "unused contract amounts" to describe providers' available funds as of June 30, 1981. Cash balances represent the amount of money on hand or in the bank after deducting any outstanding bills, whereas unused contract amounts represent the remainder of the contract from which no further expenditures are anticipated. The unused contract amounts may consist of cash on hand, funds not requested from the AAA, or a combination of both.

This report relates only to the funds just discussed and does not extend to the financial statements of those agencies providing services to the elderly. Moreover, because the procedures performed do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on the cash balances or unused contract amounts available to providers as of June 30, 1981.

Honorable Walter M. Ingalls  
Chairman, and Members of the  
Joint Legislative Audit Committee  
September 3, 1981  
Page 3

Local Agencies Serving the Elderly  
Have Unused and Available Federal Funds

After surveying local agencies providing services to the elderly, we found that, as of June 30, 1981, contract awards of Title IIIB and IIIC funds for fiscal year 1980-81 totaled \$47,961,572. We also discovered that providers' available cash balances at June 30, 1981 amounted to \$848,738 and that their unused contract amounts at June 30, 1981 totaled \$1,158,521. Some of these unused and available funds represent balances of contracts approved prior to the 1980-81 fiscal year. Furthermore, we determined that the unused and available amounts may have been understated because, in response to our survey, providers gave estimates or did not consider some contract awards. Understated amounts also could have resulted from inconsistent accounting procedures or from staffing changes at local agencies.

To determine providers' available cash and unused contract amounts as of June 30, 1981, we telephoned each of the 466 service providers. We sent the providers copies of our survey questions one week before placing the calls. We then visited 10 service providers to determine the reliability of their responses. These 10 service providers represent \$393,051 or 46 percent of providers' total cash balances; \$459,151 or 40 percent of their unused contract amounts at June 30, 1981; and \$3,883,747 or 8 percent of the total contracts awarded in fiscal year 1980-81.

The survey results disclose that \$367,368 of the \$848,738 in cash balances remaining at June 30, 1981 relate to contracts approved for years prior to fiscal year 1980-81. This represents 43 percent of the remaining cash balances according to the survey. Additionally, of the \$1,158,521 in unused contract amounts, \$406,221 (35 percent) relates to contracts approved before fiscal year 1980-81. The total of the unused contract amounts can be accounted for as follows: the AAAs have authorized \$204,481 to be carried forward to fiscal year 1981-82 contracts, have requested \$398,086 be refunded, and have taken no action on the remaining \$555,954.

Honorable Walter M. Ingalls  
Chairman, and Members of the  
Joint Legislative Audit Committee  
September 3, 1981  
Page 4

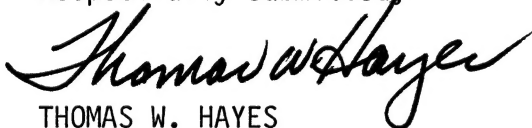
Through our field verification of the 10 providers, we found that cash balances, unused contract amounts, and 1980-81 fiscal year contracts were understated. The table in Appendix B summarizes the results of our field work. As depicted in that table, the contract amounts for the 1980-81 fiscal year were understated by \$457,580 (12 percent). Cash balances were understated by \$78,464 (20 percent), while unused contract amounts were understated by \$87,946 (19 percent).

We attributed these differences to three major causes. First, providers used estimates during the telephone survey because their books had not yet been closed. Second, some providers did not include figures for some contracts in their telephone response. And finally, some confusion may have resulted from inconsistent bookkeeping practices and staffing changes.

#### CONCLUSION

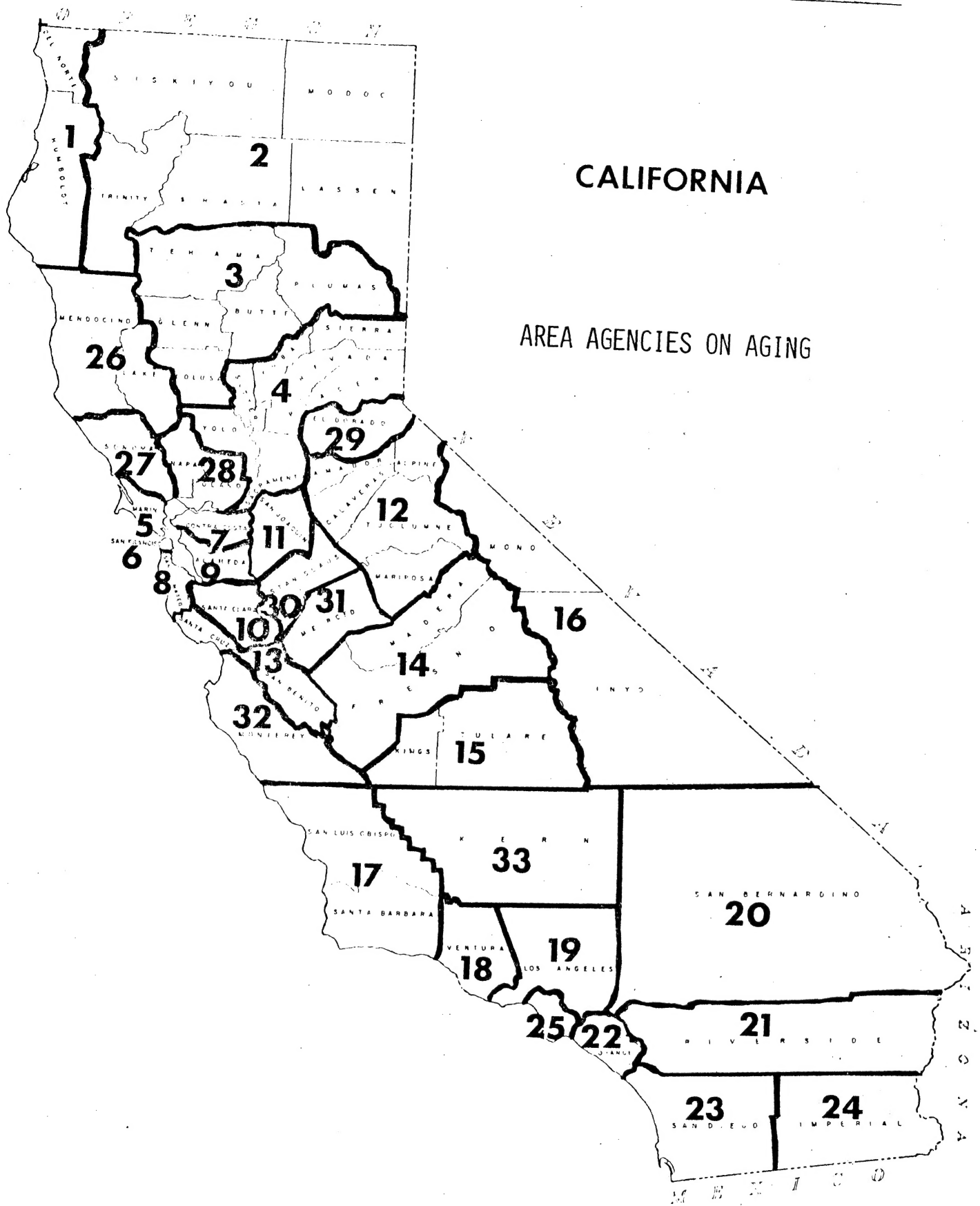
On the basis of the telephone survey performed, we found that, as of June 30, 1981, service providers' cash balances totaled \$848,738, and their unused contract amounts were \$1,158,521. Our field verification disclosed that these amounts were understated.

Respectfully submitted,



THOMAS W. HAYES  
Auditor General

Staff: Curt Davis, CPA  
Nancy Campbell  
Eileen Worthley  
Kim Anderson  
Barbara Ford



CALIFORNIA'S  
AREA AGENCIES ON AGING

<u>AAA #</u>	<u>County/Counties</u>	<u>AAA #</u>	<u>County/Counties/City</u>
1	Humboldt, Del Norte	17	Santa Barbara, San Luis Obispo
2	Trinity, Shasta, Siskiyou Modoc, Lassen	18	Ventura
3	Tehama, Glenn, Colusa, Butte, Plumas	19	Los Angeles County (excluding Los Angeles City, see #25)
4	Yolo, Sacramento, Yuba, Sutter, Sierra, Nevada, Placer	20	San Bernardino
5	Marin	21	Riverside
6	San Francisco	22	Orange
7	Contra Costa	23	San Diego
8	San Mateo	24	Imperial
9	Alameda	25	Los Angeles City
10	Santa Clara	26	Lake, Mendocino
11	San Joaquin	27	Sonoma
12	Amador, Tuolumne, Alpine, Calaveras, Mariposa	28	Napa, Solano
13	Santa Cruz, San Benito	29	El Dorado
14	Fresno, Madera	30	Stanislaus
15	Kings, Tulare	31	Merced
16	Inyo, Mono	32	Monterey
		33	Kern

TABLE 1

## RESULTS OF FIELD VERIFICATION

Project Name	Contract Amount Per Survey	Contract Amount Per Field Verification	Difference	Cash Balance Amount Per Survey	Cash Balance Amount Per Field Verification	Difference	Unused Contract Amount Per Survey	Unused Contract Amount Per Field Verification	Difference
<b>Sacramento Elderly Nutrition (4)<sup>a</sup></b>									
1980-81 - III-C	\$ 685,680	\$ 685,680	\$ --	\$135,307	\$135,307	\$ --	\$135,307	\$135,307	\$ --
1980-81 - III-B	48,487	48,487	--	5,450	5,450	--	5,450	5,450	--
1979-80 - Contract	--	--	--	--	13,291	(13,291)	--	13,291	(13,291)
<b>Volunteers of America (19)</b>									
1980-81 - III-C	540,101	540,101	--	--	26,765	(26,765)	22,100	26,765	(4,665)
1980-81 - III-B	87,731	87,731	--	Included in Above	--	--	--	--	--
1980-81 - Amend. #1 and 2-C	--	211,936	(211,936)	--	--	--	--	--	--
1980-81 - Amend. #1 and 2-B	--	10,828	(10,828)	--	--	--	--	--	--
1979-80 - III-B and C	--	--	--	15,051	15,051	--	15,051	15,051	--
1978-79 - III-B and C	--	--	--	31,840	31,840	--	31,840	31,840	--
<b>Jewish Family Services (25)</b>									
1980-81 - III-C	503,886	503,886	--	31,000	36,657	(5,657)	31,000	36,657	(5,657)
1980-81 - III-B	21,283	21,283	--	--	--	--	--	--	--
1979-80 Contracts	--	--	--	13,329	18,525	(5,196)	13,329	18,525	(5,196)
1978-79 Contracts	--	--	--	16,105	16,105	--	16,105	16,105	--
1977-78 Contracts	--	--	--	1,236	--	1,236	1,236	--	1,236
<b>Dickson Community Lighted Schools (19)</b>									
1980-81 - III-C	298,552	298,578	(26)	--	39,342	(39,342)	--	39,342	(39,342)
1980-81 - III-B	50,450	50,451	(1)	--	--	--	--	--	--
1979-80 - Contracts	--	--	--	17,000	17,727	(727)	17,000	17,727	(727)
1978-79 - Contracts	--	--	--	14,456	14,456	--	14,456	14,456	--
<b>Garden Grove Adult Day Care (22)</b>									
1980-81 - III-C	302,918	302,918	--	--	--	--	24,000	57,755	(33,755)
1980-81 - III-B	77,964	137,672	(59,708)	--	--	--	9,000	14,972	(5,972)
<b>Rural Health Project (32)</b>									
1980-81 - III-B	16,121	16,121	--	7,000	4,667	2,333	7,000	6,839	161
<b>People Coordinated Services (25)</b>									
1980-81 - III-C	416,563	416,563	--	43,416	29,313	14,103	43,416	29,313	14,103
1980-81 - III-B	--	175,081	(175,081)	--	27,123	(27,123)	--	27,123	(27,123)
1979-80 - III-C	--	--	--	16,854	12,046	4,808	16,854	12,046	4,808
1979-80 - III-B	--	--	--	--	3,843	(3,843)	--	3,843	(3,843)
<b>La Casita Nutrition Program (4)</b>									
1980-81 - III-C	123,955	123,955	--	21,000 <sup>b</sup>	--	21,000	21,000	--	21,000
1980-81 - III-B	10,410	10,410	--	Included in Above	--	--	--	--	--
1979-80 Contract	--	--	--	9,255	9,255	--	9,255	9,255	--
<b>Catholic Social Services (10)</b>									
1980-81 - III-C	492,644	492,644	--	--	--	--	11,000	683	10,317
1980-81 - III-B	90,543	90,543	--	--	--	--	--	--	--
<b>Madera County Nutrition (14)</b>									
1980-81 - III-C	116,459	116,459	--	--	--	--	--	--	--
1979-80 Contract	--	--	--	14,752	14,752	--	14,752	14,752	--
<b>Total</b>	<b>\$3,883,747</b>	<b>\$4,341,327</b>	<b>\$(457,580)</b>	<b>\$393,051</b>	<b>\$471,515</b>	<b>\$(78,464)</b>	<b>\$459,151</b>	<b>\$547,097</b>	<b>\$ (87,946)</b>

<sup>a</sup> Responsible Area Agency on Aging for that service provider.<sup>b</sup> Unable to field verify due to backlog and incomplete records at agency.